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SUBMISSION BY THE
URBAN DEVELOPMENT INSTITUTE (ONTARIO)
TO THE
HON. FRANK MILLER, TREASURER OF ONTARIO



MARCH 8, 1983



Urban Development Institute / ONTARIO

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Summary

The Institute welcomes the signs of the economic turnaround and the recognition by senior governments of the catalytic role of the real estate industry in the economic recovery of the country.

It believes that its objectives and those of the Provincial Government are parallel and their achievement will sustain the economic recovery.

These common objectives could be listed as follows:

1. Recovery of consumers confidence in the country's economy (resulting in an increased demand for capital durable goods).
2. Increase of spending on consumer goods, stimulated by increased housing production (resulting in an improvement of provincial revenues).
3. Creation of job opportunities.
4. Improvement of municipal tax base (reducing pressure on Provincial Municipal Grants)
5. Relieving the rental crisis in the climate of rent controls.
6. Minimizing the provincial "giveaway" programs
7. Stimulation and maintenance of private initiative in the provincial economy.

The Institute hopes that the Provincial Government will be able to support any measures which Federal Finance Minister may announce in his forthcoming budget and puts forward to the Provincial Treasurer and the Minister of Municipal Affairs and Housing the following suggestions for provincial initiative which can further accelerate achievements of the above objectives:



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1. The ownership house production should be closely monitored in order to prevent a repetition of 1981/82 situation and a stimulation program similar to the renter buy be capable of introduction in order to maintain the presently achieved momentum
2. Introduction of a Provincial MURB (including similar provisions for commercial investors) as a relief from the provincial income tax, if all our efforts fail and the Federal MURB is not revived.
3. Introduction of the "Immorent Program" supported by adequate funds and legislative provisions to deal with the municipal planning process. It would also be significantly advantageous if municipal impost charges on rental accommodation developments were suspended.
4. Introduction of a Provincial Mortgage Program for rental development in high costs and low vacancy metropolitan areas. A provincial low interest, long term second mortgage covering, say 1/3 of total financing of a project would permit blending of the private mortgages to the point of project's financial viability and yet provide your treasury with principal and interest repayments from the day 1 of the loan.
5. Assistance to municipalities for major infrastructure works in acknowledged growth areas in order to open more land for development. The present technique of "front-end loading" is presenting an impossible burden to the industry which is already outstretched by short-term, high interest rate financing.
6. A strong provincial statement dealing with the ever increasing municipal impost charges on residential lands in order to bring them down and to ensure a continuous supply of serviced land.
7. Removal of Provincial Sales Tax on building materials and the land transfer tax in order to maintain a lower price level of our product.
8. Slow down in the introduction of new regulatory measures and legislative restrictions - to mention a few: -
 - "Webber Enquiry", Fire Code, Ont. Building Code (Retrofit possibilities)

- "Stuart Thom Enquiry" and the recent amendments to the rent review legislation
- New Mechanics Lien Act and its impact on the viability of construction projects (sec. 80)
- Increasingly tougher municipal property standards and greater development levies.
- Present assessment techniques penalising apartment development in favour of ownership housing.
- Municipal private bills such as Toronto PR13 and East York PR36 placing further restrictions on rental development.

THE HONOURABLE FRANK MILLER
MINISTER OF TREASURY
AND ECONOMICS
THE FROST BUILDING SOUTH
TORONTO, ONTARIO
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WE WELCOME THE OPPORTUNITY TO DISCUSS WITH
YOU THE CURRENT ISSUES AFFECTING THE REAL ESTATE
INDUSTRY AND THE PERCEIVED ECONOMIC TRENDS WHICH,
WE FEEL, WILL FACE US IN THE 1983/84 PERIOD.

WHILE THERE ARE WELCOME SIGNS OF THE ECON-
OMIC TURNAROUND AND WHILE THE INDUSTRY DID BENEFIT
SUBSTANTIALLY FROM THE SHORT TERM STIMULI PROVIDED
BY THE ONTARIO RENTER-BUY AND THE FEDERAL CANADIAN
HOMEOWNERSHIP STIMULATION PLAN (CHSP), THE DEEP-
ROOTED PROBLEMS IN MANY AREAS OF OUR ACTIVITY WILL
TAKE A LONG TIME TO BE REMOVED. THE SOFTENING
OF THE MORTGAGE MARKET HAS ALREADY SUBSTANTIALLY
ASSISTED THE DEMAND FOR OUR PRODUCTS. HOWEVER THE
PREVAILING FEELING AMONG THE GENERAL PUBLIC OF THE
CONTINUING INSTABILITY OF THE FINANCIAL MARKET AND

OF THE STATE OF THE GENERAL ECONOMY OF THE COUNTRY WILL REQUIRE SUBSTANTIAL EFFORTS ON THE PART OF SENIOR GOVERNMENTS TO BE REMOVED FROM PEOPLES' MINDS. WE ARE HOWEVER, GRATIFIED THAT THE PROVINCIAL AND FEDERAL GOVERNMENTS HAVE RECOGNIZED THE CATALYTIC ROLE OF THE REAL ESTATE INDUSTRY IN THE ECONOMIC RECOVERY OF THE COUNTRY.

PROVINCIAL AND INDUSTRIES ECONOMIC OBJECTIVES:

WE BELIEVE THAT THE ECONOMIC OBJECTIVES OF YOUR GOVERNMENT ARE PARALLEL TO THOSE OF OUR INDUSTRY AND, WHILE, ADMITTEDLY OUR SURVIVAL AND HENCE PROFITABILITY OF OUR PRODUCTION HAVE TO GOVERN OUR THOUGHTS, NEVERTHELESS, THE ACHIEVEMENT OF YOURS AND OUR OBJECTIVES, WILL, IN OUR OPINION, LIFT THE PROVINCIAL ECONOMY OUT OF ITS PRESENT DIFFICULTIES.

THESE COMMON OBJECTIVES COULD BE LISTED AS FOLLOWS:

1. RECOVERY OF CONSUMERS CONFIDENCE IN THE COUNTRY'S ECONOMY [RESULTING IN AN INCREASED DEMAND FOR CAPITAL DURABLE GOODS],
2. INCREASE OF SPENDING ON CONSUMER GOODS, STIMULATED BY INCREASED HOUSING PRODUCTION [RESULTING

IN AN IMPROVEMENT OF PROVINCIAL REVENUES],

3. CREATION OF JOB OPPORTUNITIES
4. IMPROVEMENT OF MUNICIPAL TAX BASE (REDUCING PRESSURE ON PROVINCIAL MUNICIPAL GRANTS)
5. RELIEVING THE RENTAL CRISIS IN THE CLIMATE OF RENT CONTROLS
6. MINIMIZING THE PROVINCIAL "GIVE-AWAY" PROGRAMS
7. STIMULATION AND MAINTENANCE OF PRIVATE INITIATIVE IN THE PROVINCIAL ECONOMY

SPECIFIC PROPOSALS

WITHOUT THE KNOWLEDGE OF THE FEDERAL BUDGET IT IS DIFFICULT TO FORMULATE SUGGESTIONS FOR THE ACHIEVEMENTS OF THE ABOVE STATED OBJECTIVES, SUFFICE TO SAY, HOWEVER, THAT WE EARNESTLY HOPE THAT YOU WILL BE ABLE TO EXERT PRESSURE ON THE FEDERAL GOVERNMENT IN AREAS, WHERE THEY CAN STIMULATE THE ECONOMIC ACTIVITY IN OUR SECTOR OF THE PROVINCIAL ECONOMY, AND WHAT'S MORE, TO ADD BY PROVINCIAL CONTRIBUTIONS, TO THE EFFECTIVENESS OF THE PROGRAMS [IF ANY ARE ANNOUNCED IN THE FORTHCOMING FEDERAL BUDGET].

SPECIFICALLY, WE HOPE THAT YOU WILL BE WILLING TO SUPPORT ANY FEDERAL PROGRAM LEADING TO THE STABILIZATION OF THE MORTGAGE MARKET SUCH AS THE MORTGAGE RATE INSURANCE WHICH WAS RECENTLY MENTIONED BY THE MINISTER RESPONSIBLE FOR CMHC, HON. ROMEO LEBLANC AND THE MINISTER OF FINANCE, HON. MARC LALONDE. MOREOVER, WE FEEL THAT A CONTINUOUS PRESSURE ON THE FEDERAL GOVERNMENT SHOULD BE EXERCISED NOT ONLY BY OUR INDUSTRY [WHICH IN FACT IS BEING DONE VIGOROUSLY NOT ONLY BY UDI ONTARIO BUT ALSO BY OUR NATIONAL ORGANISATION, UDI CANADA] BUT BY YOURSELF AND YOUR GOVERNMENT TO REVIVE MURBS AND EVEN EXTEND THE LATTER TO COMMERCIAL (OFFICE, INDUSTRIAL AND SHOPPING CENTRES) DEVELOPMENTS.

WE ALSO SINCERELY HOPE THAT THE SUPPORT GIVEN TO THE HOUSE BUILDING SIDE OF OUR INDUSTRY IN THE PAST YEAR WILL ENABLE IT TO MAINTAIN THE PRESENT IMPETUS AND TO CONTINUE WITHOUT FURTHER GOVERNMENTAL INTERVENTION.

APART FROM THIS GENERAL SUPPORT OF OUR INDUSTRY'S EFFORTS ON THE FEDERAL LEVEL - WE WOULD LIKE TO PUT TO YOU THE FOLLOWING GENERAL

SUGGESTIONS OF PROVINCIAL PROGRAMS (DETAILS OF WHICH COULD BE WORKED OUT WITH YOUR AND MINISTRY OF HOUSING OFFICIALS) WHICH, IN OUR OPINION, WOULD GO A LONG WAY TOWARDS THE ACHIEVEMENT OF AFORESAID OBJECTIVES: -

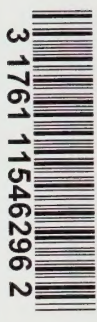
1. THE OWNERSHIP HOUSE PRODUCTION SHOULD BE CLOSELY MONITORED IN ORDER TO PREVENT A REPETITION OF 1981/82 SITUATION AND A STIMULATION PROGRAM SIMILAR TO THE RENTER BUY BE CAPABLE OF INTRODUCTION IN ORDER TO MAINTAIN THE PRESENTLY ACHIEVED MOMENTUM.
2. INTRODUCTION OF A PROVINCIAL MURB (INCLUDING SIMILAR PROVISIONS FOR COMMERCIAL INVESTORS) AS A RELIEF FROM THE PROVINCIAL INCOME TAX, IF ALL OUR EFFORTS FAIL AND THE FEDERAL MURB IS NOT REVIVED.
3. INTRODUCTION OF THE "INNORENT PROGRAM" SUPPORTED BY ADEQUATE FUNDS AND LEGISLATIVE PROVISIONS TO DEAL WITH THE MUNICIPAL PLANNING PROCESS. IT WOULD ALSO BE SIGNIFICANTLY ADVANTAGEOUS IF MUNICIPAL IMPOST CHARGES ON RENTAL ACCOMMODATION DEVELOPMENTS WERE SUSPENDED.
4. INTRODUCTION OF A PROVINCIAL MORTGAGE PROGRAM FOR RENTAL DEVELOPMENT IN HIGH COST AND LOW VACANCY METROPOLITAN AREAS. A PROVINCIAL LOW INTEREST, LONG TERM SECOND MORTGAGE COVERING, SAY A 1/3 OF TOTAL FINANCING OF A PROJECT WOULD PERMIT BLENDING OF THE PRIVATE MORTGAGES TO THE POINT OF PROJECT'S FINANCIAL VIABILITY AND YET PROVIDE YOUR TREASURY WITH PRINCIPAL AND INTEREST REPAYMENTS FROM THE DAY 1 OF THE LOAN.

5. ASSISTANCE TO MUNICIPALITIES FOR MAJOR INFRASTRUCTURE WORKS IN ACKNOWLEDGED GROWTH AREAS IN ORDER TO OPEN MORE LAND FOR DEVELOPMENT. THE PRESENT TECHNIQUE OF "FRONT-END LOADING" IS PRESENTING AN IMPOSSIBLE BURDEN TO THE INDUSTRY WHICH IS ALREADY OUTSTRETCHED BY SHORT-TERM, HIGH INTEREST RATE FINANCING.
6. A STRONG PROVINCIAL STATEMENT DEALING WITH THE EVER INCREASING MUNICIPAL IMPOST CHARGES ON RESIDENTIAL LANDS IN ORDER TO BRING THEM DOWN AND TO ENSURE A CONTINUOUS SUPPLY OF SERVICED LAND.
7. REMOVAL OF PROVINCIAL SALES TAX ON BUILDING MATERIALS AND THE LAND TRANSFER TAX IN ORDER TO MAINTAIN A LOWER PRICE LEVEL OF OUR PRODUCT
8. SLOW DOWN IN THE INTRODUCTION OF NEW REGULATORY MEASURES AND LEGISLATIVE RESTRICTIONS - TO MENTION A FEW: -
 - "WEBBER ENQUIRY", FIRE CODE, ONT. BUILDING CODE (RETROFIT POSSIBILITIES)
 - "STUART THOM ENQUIRY" AND THE RECENT AMENDMENTS TO THE RENT REVIEW LEGISLATION
 - NEW MECHANICS LIEN ACT AND ITS IMPACT ON THE VIABILITY OF CONSTRUCTION PROJECTS (SEC 80) VIABILITY OF CONSTRUCTION PROJECTS (SEC 80)
 - INCREASINGLY TOUGHER MUNICIPAL PROPERTY STANDARDS AND GREATER DEVELOPMENT LEVIES.
 - PRESENT ASSESSMENT TECHNIQUES PENALISING APARTMENT DEVELOPMENT IN FAVOUR OF OWNERSHIP HOUSING.
 - MUNICIPAL PRIVATE BILLS SUCH AS TORONTO PR13 AND EAST YORK PR36 PLACING FURTHER RESTRICTIONS ON RENTAL DEVELOPMENT.

MR. TREASURER - THE URBAN DEVELOPMENT INSTITUTE
IS WELL AWARE OF THE IMPACT THE PRESENT ECONOMIC
CONDITIONS HAVE ON THE PROVINCIAL BUDGET WHETHER
THROUGH THE INCREASED EXPENDITURES ON SOCIAL
SERVICES OR THE REDUCED REVENUES. WE FEEL, HOW-
EVER THAT THE MEASURES WHICH WE ARE PROPOSING TO
YOU AT THIS TIME WILL RESULT IN THE SUSTAINING
OF THE ECONOMIC TURN-AROUND TO THE BENEFIT OF THE
WHOLE PROVINCE OF ONTARIO.

L.I. GREENBAUM
PRESIDENT
URBAN DEVELOPMENT INSTITUTE

C.C: HON. CLAUDE BENNETT



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